

Message Text

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17

ORIGIN EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 STR-04 TRSE-00 OMB-01

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 NSCE-00

SSO-00 USIE-00 INRE-00 SAJ-01 /086 R

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EA/J: MR. ECTON

STR: MR. DENT

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

INFO USMISSION EC BRUSSELS

USDEL MTN GENEVA

C O N F I D E N T I A L STATE 293481

E.O. 11652: GDS

TAGS: ETRD, JA

SUBJECT:EXPANDED U.S.-JAPAN STEEL DISCUSSIONS

REF: TOKYO 17597

EC BRUSSELS FOR WOLFF AND BARRACLOUGH

1. EMBASSY SHOULD REASSURE GOJ THAT U.S. OBJECTIVE
IS NOT TO DICTATE TO THE GOJ OR TO HAVE THE JAPANESE
CLEAR THEIR POSITIONS WITH THE U.S.

2. MISSION TO TOKYO DECEMBER 6 AND 7 IS FOR
FACT-FINDING AND CONSULTATIONS ABOUT EC-JAPANESE
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ARRANGEMENTS ABOUT WHICH WE ARE SERIOUSLY CONCERNED.

TALKS EXTEND BEYOND STEEL BECAUSE EC-GOJ MEASURES EXTEND BEYOND STEEL. CONSULTATIONS ARE NEEDED FOR USG TO ENSURE THAT GOJ IS AWARE OF LONGER-RUN IMPLICATIONS OF ITS ARRANGEMENTS WITH EC, BOTH IN TERMS OF U.S. DOMESTIC REACTION AND DETERIORATION OF CURRENT TRADING SYSTEM INTO BLOCS. NO ARMTWISTING IS INTENDED. DISCUSSION OF TAX PRACTICES IS DESIRED TO HELP AVOID DISRUPTION OF JAPANESE TRADE DUE TO ZENITH CASE, AS WELL AS TO MOVE SUBSIDIES/TAX ISSUE FORWARD IN MTN.

3. OUR PRIMARY PURPOSE DECEMBER 6 AND 7 IS NOT TO PRESS GOJ FOR NEW CONCESSIONS, BUT WE WOULD NOT FAIL TO TAKE OPPORTUNITY IN ANY BILATERAL TRADE TALKS WITH GOJ TO REVIEW OUTSTANDING MATTERS OF BILATERAL TRADE INTEREST INCLUDING AREAS OF POTENTIAL IMPORT LIBERALIZATION.

4. THE FOLLOWING CONTINGENCY PRESS GUIDANCE WILL BE GIVEN TO THE STATE AND STR SPOKESMEN:

BEGIN TEXT

QUESTION: WILL WE BE SEEKING CONCESSIONS ON BILATERAL TRADE ISSUES IN THE CONSULTATIONS WITH THE JAPANESE NEXT WEEK?

ANSWER: NO. THESE CONSULTATIONS WERE ORIGINALLY REQUESTED BY THE UNITED STATES IN ORDER TO DISCUSS WITH THE EC AND THE JAPANESE THE PROBLEMS FACING OUR STEEL INDUSTRIES AND TO ASSESS THE IMPACT OF THE R-CENT EC-JAPAN UNDERSTANDING ON STEEL TRADE ON THE U.S. MARKET. SUBSEQUENTLY, THE JAPANESE GOVERNMENT AGREED TO TAKE CERTAIN STEPS TO LIMIT ITS EXPORTS TO THE EC OF OTHER PRODUCTS SUCH AS AUTOMOBILES AND TO OPEN ITS MARKET FURTHER TO CERTAIN EC IMPORTS. THE SCHEDULED STEEL CONSULTATIONS PROVIDE A CONVENIENT FORUM FOR DISCUSSION OF THE POSSIBLE COLLATERAL EFFECT ON THE U.S. OF THESE SUBSEQUENT EC-JAPAN UNDERSTANDINGS. OUTSTANDING BILATERAL ISSUES MAY ALSO BE DISCUSSED, BUT WE DO NOT INTEND TO PRESS IN THESE CONSULTATIONS

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FOR CONCESSIONS FROM THE JAPANESE.

THE EC, JAPAN AND THE U.S. ARE THE THREE LARGEST TRADING ENTITIES IN THE WORLD. ACTIONS TAKEN BY ANY ONE INEVITABLY AFFECT THE INTERESTS OF ALL THREE. THERE IS A LONG HISTORY OF CONSULTATIONS AMONG US ON TRADE MATTERS. THESE CONSULTATIONS IN BRUSSELS AND TOKYO SIMPLY REFLECT THAT TRADITIONAL RELATIONSHIP.

THE PRESENT CONSULTATIONS ARE NORMAL AND ROUTINE UNDER
THE CIRCUMSTANCES.

END TEXT. ROBINSON

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